

COVER STORY BASEBALL

THE 2002 BASEBALL SEASON OPENS this week, but it won't be business as usual when it comes to television. Baseball's wealthiest (and arguably most successful) team—the New York Yankees—is launching its own cable sports network this season, and other teams may follow.

Most of baseball's 30 franchises sell their TV rights to the local cable network or, less often, a broadcast station. But the Yankees, Minneapolis and Baltimore think they may be able to make more money retaining the rights and developing their own networks.

"I'm not sure it's not more about entitlement," said Leo Hindery, the cable veteran tapped to lead the fight to secure distribution for the Yankees Entertainment & Sports Network (YES). "They get tired of reading someone else's annual report that says how much money he got off their rights."

So confident are the Yankees that they can make more with the do-it-yourself approach that they spent \$30 million to get out of a deal with MSG Network, a unit of Cablevision's Rainbow Media Group. MSG had been paying the Yanks about \$50 million a year for TV and radio rights.

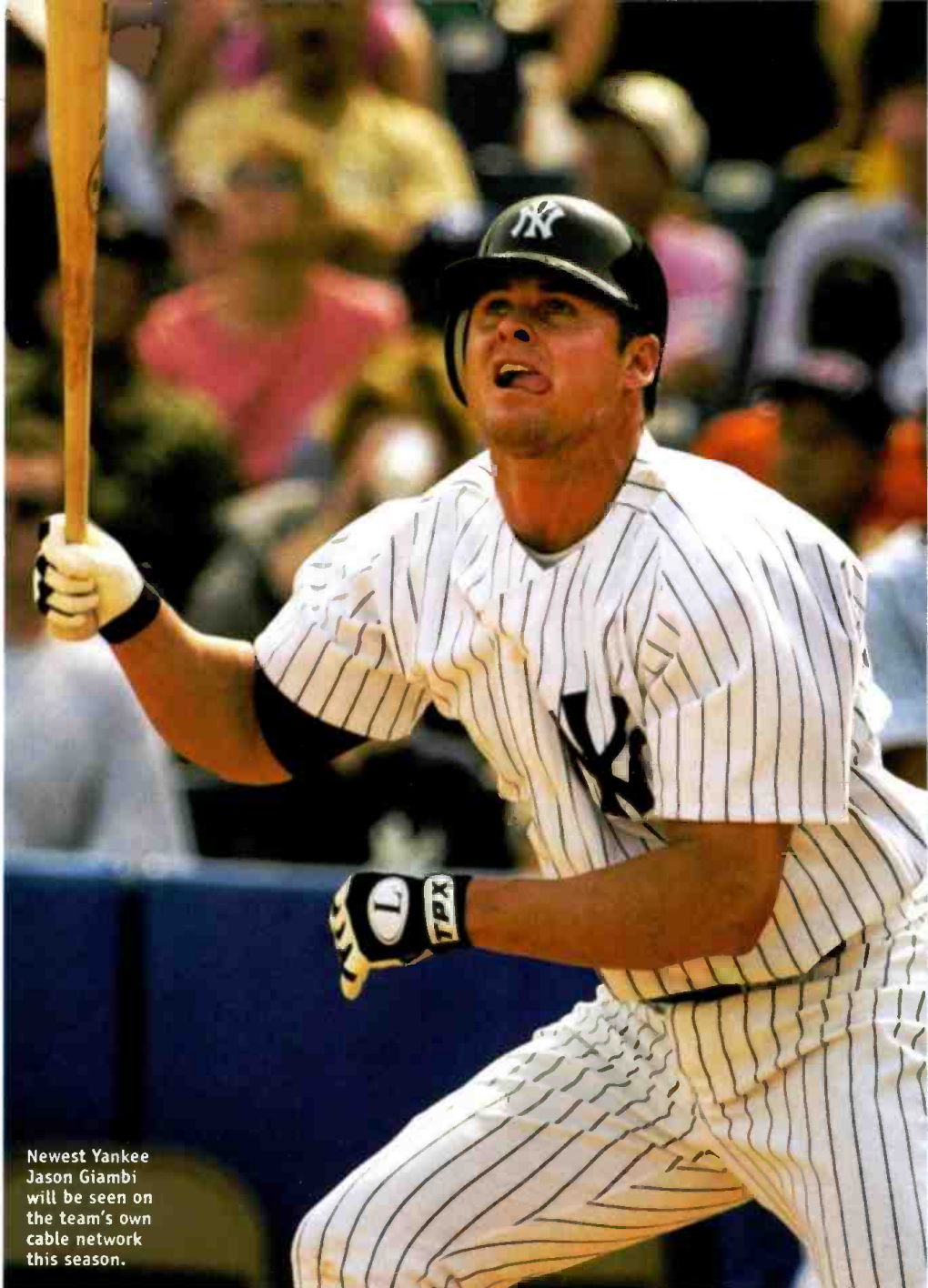
YES is controlled by YankeeNets, the merger of the Yankees and the National Basketball Association's New Jersey Nets. YES is ready to reach 5 million homes in the New York market, which would generate at least \$120 million in annual subscriber fees and \$40 million in ad revenue.

The money looks good, but the network has been having trouble persuading Cablevision to carry it. Without the MSO's 3 million homes, YES's subscriber-fee and advertising estimates take big hits (see page 16).

Because the Yankees no longer get hefty rights fees from an independent media outlet, Major League Baseball teams will receive nearly 5% less from selling TV and radio rights this season—\$445.2 million, according to BROADCASTING & CABLE's exclusive annual baseball-rights survey (see page 20).

The survey also found that the migration of baseball from broadcast to cable TV is continuing. In 2001, on average, teams telecast 50.2 of their games over broadcast TV. In 2002, the average will drop 8.4%, to 46. (The averages include only games broadcast in a team's principal TV market.)

The regional cable networks led by Fox



AP Photo / Kathy Willens

Newest Yankee Jason Giambi will be seen on the team's own cable network this season.

Yanks, others get in the game

Some baseball teams think they can make more money with their own cable networks; games continue to migrate from broadcast to cable

By Kim McAvoy

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Sports Net continue to grab local rights. This season, Cleveland Indians games will be only on Fox Sports Net Ohio. The Cincinnati Reds and Montreal Expos also have no over-the-air TV. Last season, WUAB(TV) Cleveland broadcast 75 games.

The Minnesota Twins are poised to start Victory Sports, although a court battle with Fox Sports Net North could put the network on hold. Fox contends that it has the option to extend its rights deal for two years. The Twins say it was up at the end of last season.

As it stands, 105 Twins games will air on Fox Sports Net North. But, if the court rules for the Twins, Victory will be on-air in 60 days, says Kevin Cattoor, Twins COO and Victory Sports president. "The reason we're doing this is, Fox in essence has a monopoly; every time a rights deal comes up, the team is at their mercy."

Victory has a deal with ESPN for sports news and the rights to all University of Minnesota product and the Big Ten fare that ESPN produces, says Cattoor.

Victory has not nailed down any permanent cable-carriage agreements, but the network did air 13 University of Minnesota basketball games on Charter Communications systems earlier this year.

Scorecard: Broadcast vs. cable

Year	BROADCAST		CABLE		COMBINED	
	Total games	Avg. games per team	Total games	Avg. games per team	Total games	Avg. games per team
1996	1,835	65.5	1,287	50.9	3,122	116.4
1997	1,668	59.6	1,737	62.0	3,405	121.6
1998	1,655	55.2	2,058	68.6	3,713	123.8
1999	1,646	54.9	2,187	72.9	3,833	127.8
2000	1,571	52.4	2,246	75.0	3,817	127.2
2001	1,507	50.2	2,417	80.6	3,924	130.8
2002	1,380	46.0	2,478	82.6	3,858	128.6

SOURCE: BROADCASTING & CABLE

In Baltimore, once the Orioles deal with Comcast SportsNet expires after the 2006 season, the team plans to offer its own "24/7 regional sports network," says John Claiborne, general manager of Orioles Television. This season, the Orioles are producing and selling 71 broadcast-TV games on WJZ-TV and WNUV(TV) Baltimore as well as 59 on WBDC(TV) Washington.

"In larger markets, the concept of doing it yourself makes sense," Claiborne says.

Comcast SportsNet doesn't seem worried about an Orioles move. "With five seasons remaining in our deal, we're confident we will have a new deal that will extend our relationship," says Sam Schroeder, executive vice president and general manager of Comcast SportsNet Mid-Atlantic.

Fox Sports Net declined to comment on teams' producing their own cable channels.

The Philadelphia Phillies have part

interest in Comcast SportsNet Philadelphia, the regional cable net that carries that team and others.

In some cities, media companies own the team and the network or station offering its games. Rogers Communications owns the Toronto Blue Jays and RogersSportsnet. Fox owns the Los Angeles Dodgers and their cable (Fox Sports Net West II)

and broadcast (KCOP-TV) outlets.

Other teams will watch to see how the YES Network does. "We'll explore all our options including the possibility of going with our own regional network," says Ken Pries, vice president of broadcasting for the Oakland Athletics, whose broadcast deal with KICU-TV San Jose, Calif., and cable contract with Fox Sports Net Bay Area are slated to end after next season.

Launching a regional cable network may also have some appeal to the Milwaukee Brewers, whose agreement with Fox Sports Net North will end after next season. "It's something any team would look at," says Tim Van Wagoner, Twins director of broadcasting. "They would be silly if they didn't."

In-house production is more common in radio than TV. According to the B&C survey, eight teams retain their radio rights and produce and sell their games. ■

Fox still likes baseball, despite the costs

Although professional hockey and now pro basketball are largely turning into cable sports, Major League Baseball still enjoys ample broadcast coverage on Fox.

After sharing Major League Baseball's network rights with NBC for four years, Fox paid \$2.5 billion in 2000 for an exclusive six-year broadcast contract and national cable rights. It airs weekly afternoon games for the last 18 weeks of the season and, having pried the postseason rights away from ESPN, airs baseball's most

prized properties: the World Series and the All-Star game.

Nevertheless, in February, with four years left on the contract, Fox's corporate parent News Corp. took a \$225 million charge on its six-year, \$2.3 billion contract. (News Corp. also wrote down another \$684 million on Fox's NFL and NASCAR deals).

Still, Fox is committed to carrying baseball. "You could add up three nights of national cable," said Fox Sports President Ed Goren, "and the audience would be smaller than we get on a Saturday afternoon."

Fox had already unloaded its cable package in Walt Disney Co.'s \$5.2 billion purchase of the former Fox Family channel. ABC Family inherited regular-season and playoff games that aired on FX and Fox Family.

ABC Family is retaining postseason action but passed 52 regular-season contests to sister net ESPN. They will air Monday nights and Wednesday afternoons, giving ESPN a total 160 MLB telecasts, or five per week. ESPN airs exclusive Wednesday-night doubleheaders.

Although ESPN will produce

ABC Family's postseason coverage, the sports net won't air any playoff games.

Even with baseball season getting under way this week, Fox won't air its first national regular-season game until June. No matter, said former CBS Sports President Neal Pilson, because it's the postseason games that generate big ratings and promotional opportunities: "Baseball loyalties are regional, but the postseason is a national event. That's where baseball gets its national identity."

—Allison Romano

COVER STORY BASEBALL

LOCAL TV AND RADIO LINEUP

Team	BROADCAST TV						CABLE					RADIO				
	Flagship	# of reg. season games	# of stations in net	Contract status yr./yrs.	2002 rights (millions)	2002 est. revenue (millions)	Regional network	# of reg. season games	Contract status yr./yrs.	2002 rights (millions)	2002 est. revenue (millions)	Flagship	# of stations in net	Contract status yr./yrs.	2002 rights (millions)	2002 est. revenue (millions)
AMERICAN LEAGUE EAST																
Baltimore Orioles	WJZ-TV (ch. 13) WNUV-TV (ch. 54)	25 46	15	—	—	\$15	Comcast SportsNet	89	6/10	\$20	—	WBAL(AM) 1090 kHz	26	3/5	\$3.5	—
Teams retains broadcast-TV rights, buys airtime on WJZ-TV and WNUV Baltimore. Teams sells rights for 59 games to WBDC-TV Washington.																
Boston Red Sox	WFXT-TV (ch. 25)	67	6	3/3	\$10	—	New England Sports Network	86	1/7	\$20	—	WEEI(AM) 850 kHz	55	2/6	\$5	—
Team owns 80% of NESN.																
New York Yankees	WCBS-TV (ch. 2)	20	10	1/3	\$10	—	YES Network	130	—	—	NA	WCBS(AM) 880 kHz	38	1/5	\$9-10	—
Yankees Entertainment Sports Network, partially owned by Yankees, holds broadcast-TV, cable rights. It sells TV rights for 20 games to WCBS-TV for \$10 million, radio rights to WCBS(AM).																
Toronto Blue Jays	CBC	15	0	1/1	\$1.8	—	RogersSportsnet TSN	93 23	— 1/3	— \$2	\$8.4	CJCL(AM) 590 kHz	30	1/2	\$1	—
Rogers Communications owns Blue Jays and RogersSportsNet. It is slated to buy CJCL(AM). Rights fees in Canadian dollars.																
Tampa Bay Devil Rays	WMOR-TV (ch. 32) WTSP-TV (ch. 10)	54 11	6	5/5 5/5	—	\$5	Fox Sports Net	64	5/12	\$5.5	—	WFLA(AM) 970 kHz	11	5/7	\$5	—
Team retains broadcast-TV rights, buys air time on TV stations and keeps ad inventory.																
AMERICAN LEAGUE CENTRAL																
Chicago White Sox	WGN-TV (ch. 9) WCIU-TV (ch. 26)	29 25	0	2/6	—	\$16.5	Fox Sports Net	99	3/10	\$6	—	WMVP(AM) 1000 kHz	34	7/10	\$5	—
Team and WGN-TV have revenue-sharing partnership. WGN-TV buys air time on WCIU-TV.																
Cleveland Indians	—	—	—	—	—	—	Fox Sports Net	150	4/6	\$15	—	WTAM(AM) 1100 kHz	38	1/5	—	\$9
Fox Sports Net Ohio holds broadcast-TV, cable rights. There are no over-the-air games slated for 2002 season. Team retains radio rights.																
Detroit Tigers	WKBD-TV (ch. 50)	41	1	5/5	\$6	—	Fox Sports Net	100	5/10	\$14	—	WXYZ(AM) 1270 kHz	31	2/6	\$3.5	—
Kansas City Royals	KMBC-TV (ch. 9) KCWE-TV (ch. 29)	15 37	18	—	—	—	Fox Sports Net	30	5/5	\$5.5	—	KMBZ(AM) 980 kHz	65	2/3	\$2	—
Fox Sports Net Midwest holds broadcast-TV, cable rights. It pays KMBC-TV, which controls KCWE through local marketing agreement, to carry games.																
Minnesota Twins	KSTC-TV (ch. 45)	25	0	1/2	—	—	Fox Sports Net	105	—	—	—	WCCO(AM) 830 kHz	49	4/5	\$2.5	—
Fox Sports Net North and Twins are in litigation over length of contract. It is unclear if games will stay on Fox or move to Twins' Victory Sports net. Fox and Twins sublicense games to KSTC-TV.																
AMERICAN LEAGUE WEST																
Anaheim Angels	KCAL-TV (ch. 9)	40	0	2/5	\$5-7	—	Fox Sports Net	50	4/10	\$5	—	KLAC(AM) 570 kHz	7	4/5	—	\$4
Team, which is owned by Disney, retains radio rights.																
Oakland Athletics	KICU-TV (ch. 36)	51	2	4/5	\$4	—	Fox Sports Net	60	6/7	\$7	—	KFRC(AM) 610 kHz	24	1/4	—	\$3.5
Team retains radio rights.																
Seattle Mariners	KIRO-TV (ch. 7)	33	0	2/2	—	—	Fox Sports Net	107	2/10	\$25	—	KIRO(AM) 710 kHz	45	5/5	\$5.6	—
Fox Sports Net Northwest holds broadcast-TV, cable rights. It sublicenses games to KIRO-TV.																
Texas Rangers	KDFI-TV (ch. 27) KDFW-TV (ch. 4)	65 10	13	3/10	\$20	—	Fox Sports Net	80	3/15	\$20	—	KRLD(AM) 1080 kHz	60	2/5	\$5.5	—
Fox Sports Net Southwest pays \$200 million for broadcast-TV rights over 10 years and \$300 million for cable in a 15-year deal. Fox owns KDFI-TV and KDFW-TV.																

Dash (—) indicates column does not apply; NA, data not available at press time. Unless noted, teams rights are sold to a broadcast station or cable network, and the 2002 rights fee is shown. If the team retains rights or is involved in a partnership, estimated 2002 revenue is shown instead of the rights fee. Depending on the team, contract status refers to a rights contract, partnership contract or a non-rights-holder contract to carry games. In most cases, broadcast-TV and radio rights holders form regional networks; the column shows the number of stations in the network. Radio stations usually carry all regular-season games.

BROADCAST TV							CABLE					RADIO				
Team	Flagship	# of reg. season games	# of stations in net.	Contract status yr./yrs.	2001 rights (millions)	2001 est. revenue (millions)	Regional network	# of reg. season games	Contract status yr./yrs.	2001 rights (millions)	2001 est. revenue (millions)	Flagship	# of stations in net.	Contract status yr./yrs.	2001 rights (millions)	2001 est. revenue (millions)
NATIONAL LEAGUE EAST																
Atlanta Braves	WTBS(TV) (ch.17)	92	0	—	—	\$33	Fox Sports Net	25	6/16	\$6	—	WSB(AM) 750 kHz	172	3/5	\$5	—
Team, WTBS and Turner South are owned by AOL Time Warner. Revenue reflects simultaneous national carriage of games on TBS.																
Florida Marlins	WPXM(TV) (ch.35)	54	1	1/1	—	—	Fox Sports Net	96	4/12	\$15	—	WQAM(AM) 560 kHz	7	1/1	\$2-\$3	—
Fox Sports Net Florida holds broadcast-TV, cable rights. WPXM acquired rights from Univision, which acquired them when it bought WAMI-TV.																
Montreal Expos	—	—	—	—	—	—	RDS French	NA	NA	NA	NA	CKAC(AM) French 730 kHz	20	2/2	\$9	—
There are no over-the-air games slated for the 2002 season. At press time, RDS was slated to air opening game only.																
New York Mets	WPIX(TV) (ch.11)	50	0	1/1	—	—	MSG	50	16/30	\$13+	—	WFAN(AM) 660 kHz	10	3/3	\$6	—
MSG Networks owns MSG Network and partially owns and operates Fox Sports Net New York. MSG pays \$10 million for broadcast-TV rights, sublicenses 50 games to WPIX.																
Philadelphia Phillies	WPSG(TV) (ch.57)	45	2	1/1	—	\$6	Comcast SportsNet	109	2/15	—	\$9	WPEN(AM) 950 kHz	19	1/3	—	\$4
Team and WPSG(TV) have revenue-sharing partnership for broadcast TV, radio and cable. Phillies are part owner of Comcast SportsNet.																
NATIONAL LEAGUE CENTRAL																
Chicago Cubs	WGN-TV (ch. 9)	67	0	—	—	\$35.5	Fox Sports Net	72	4/10	\$15	—	WGN(AM) 720 kHz	32	—	—	\$10
Tribune owns team and WGN-AM-TV. WGN-TV buys airtime on WCIU-TV. Revenue reflects simultaneous national carriage of superstation WGN.																
Cincinnati Reds	—	—	—	—	—	—	Fox Sports Net	85	4/6	\$4	—	WLW(AM) 700 kHz	55	5/5	\$3.5	—
There are no over-the-air games slated for 2002 season. Fox Sports Net Ohio holds broadcast-TV, cable rights.																
Houston Astros	KNWS-TV (ch. 51)	62	13	—	—	—	Fox Sports Net	75	5/12	\$10+	—	KTRH(AM) 740 kHz	50	4/5	—	\$5.5
Fox Sports Net Southwest holds broadcast-TV, cable rights. Fox sublicenses games to KNWS-TV. Team retains radio rights.																
Milwaukee Brewers	WCGV-TV (ch. 26)	38	0	—	—	—	Fox Sports Net	80	5/6	\$2.6	—	WTMJ(AM) 620 kHz	45	5/5	\$2	—
Fox Sports Net holds broadcast-TV, cable rights. Brewers buy air time on TV stations. Team shares revenue with Fox and WTMJ(AM).																
Pittsburgh Pirates	WCWB(TV) (ch. 22)	15	0	—	—	—	Fox Sports Net	104	3/8	\$9+	—	KDKA(AM) 1020 kHz	35	3/6	—	\$3.5
Fox Sports Net Pittsburgh holds broadcast-TV, cable rights. Fox sublicenses games to WCWB-TV. Team retains radio rights.																
St. Louis Cardinals	KPLR-TV (ch. 11)	45	30	—	—	—	Fox Sports Net	64	5/9	\$8	—	KMOX(AM) 1120 kHz	105	2/5	\$6	—
Fox Sports Net Midwest holds broadcast-TV, cable rights. Cardinals buy air time on KPLR-TV. Fox sells ad inventory.																
NATIONAL LEAGUE WEST																
Colorado Rockies	KWGN-TV (ch. 2)	75	7	—	—	—	Fox Sports Net	50	6/10	\$10+	—	KOA(AM) 850 kHz	49	2/3	\$5	—
Fox Sports Net Rocky Mountain holds broadcast-TV, cable rights. Fox buys airtime on KWGN-TV, sells ad inventory.																
Los Angeles Dodgers	KCOP(TV) (ch. 13)	50	0	1/3	\$8	—	Fox Sports Net	80	1/3	\$15	—	KXTA(AM) 1150 kHz	26	5/5	\$6-8	—
Fox owns team, KCOP and Fox Sports Net West II.																
San Diego Padres	KUSI-TV (ch. 51)	25	0	—	—	—	Channel 4	115	1/10	\$10	—	KOGO(AM) 600 kHz	1	3/4	\$5	—
Cox has programming, promotional partnership with KUSI-TV, under which Cox sells ad inventory.																
San Francisco Giants	KTVU(TV) (ch. 2)	59	6	2/7	\$6.8	—	Fox Sports Net	60	2/12	\$7.5	—	KNBR(AM) 680 kHz	13	4/6	\$5.5	—
Team retains six 30-second spots per game on KTVU. KTVU owner, Cox, and KNBR(AM) are limited partners in team.																
Arizona Diamondbacks	KTVK(TV) (ch. 3)	75	2	5/10	—	\$11	Fox Sports Net	60	5/10	\$5+	—	KTAR(AM) 620 kHz	18	5/10	—	\$4
Team retains broadcast-TV, radio rights. Team and KTVK have revenue-sharing arrangement.																